

NASDAQ OMX ABA Community Bank IndexSM Methodology

Index Description

The NASDAQ OMX ABA Community Bank Index includes a subset of banks and thrifts or their holding companies listed on The NASDAQ Stock Market.

Index Calculation

The NASDAQ OMX ABA Community Bank Index is a market capitalization-weighted index. The value of the Index equals the aggregate value of the Index share weights, also known as the Index Shares, of each of the Index Securities multiplied by each such security's Last Sale Price¹, and divided by the divisor of the Index. The divisor serves the purpose of scaling such aggregate value to a lower order of magnitude which is more desirable for Index reporting purposes. If trading in an Index Security is halted on its primary listing market, the most recent Last Sale Price for that security is used for all index computations until trading on such market resumes. Likewise, the most recent Last Sale Price is used if trading in a security is halted on its primary listing market before the market is open. The Index began on June 8, 2009 at a Base Value of 1000.00.

The formula for index value is as follows:

$$\text{Aggregate Adjusted Market Value/Divisor}$$

The formula for the divisor is as follows:

$$(\text{Market Value after Adjustments/Market Value before Adjustments}) \times \text{Divisor before Adjustments}$$

Two versions of the Index are calculated – a price return index and a total return index. The price return index (NASDAQ: ABQI) is ordinarily calculated without regard to cash dividends on Index Securities. The total return index (NASDAQ: ABQX) reinvests cash dividends on the ex-date. Both Indexes reinvest extraordinary cash distributions.

The Index is calculated during the trading day and is disseminated once per second from 09:30:01 to 17:16:00 ET. The closing value of the Index may change up until 17:15:00 ET due to corrections to the Last Sale Price of the Index Securities.

Eligibility

Index eligibility is limited to specific security types only. The security types eligible for the Index includes common stocks. Security types not included in the Index are ADRs, closed-end funds, convertible debentures, exchange traded funds, limited partnership interests, ordinary shares, preferred stocks, rights, shares of beneficial interest, warrants, units and other derivative securities.

¹ For purposes of this document Last Sale Price refers to the last sale price on NASDAQ, which may be the NASDAQ Official Closing Price (NOCP).

Initial Eligibility Criteria

To be eligible for inclusion in the Index, the security's U.S. listing must be exclusively on The NASDAQ Stock Market (unless the security was dually listed on another U.S. market prior to January 1, 2004 and has continuously maintained such listing).

The Index includes all NASDAQ listed banks and thrifts or their holding companies (HCs) with an ICB (Industry Classification Benchmark) Code of 8355 (or that ABA Community Bank (ABA) determines should be classified as such), excluding:

1. Any of the 50 largest banks or thrifts based on asset size (and their HCs), as determined by the most recently available call report data as compiled by the FDIC.
2. Any banks or thrifts classified as having an "international specialization," as determined by the most recently available call report data as compiled by the FDIC, provided that such institutions constitute the majority of assets if in a HC.
3. Any banks or thrifts classified as having a "Credit-card Specialization," as determined by the most recently available call report data as compiled by the FDIC, provided that such institutions constitute the majority of assets if in a HC.

In addition, a security must meet the following:

- a market capitalization of at least \$200 million;
- a three-month average daily dollar trading volume of at least \$500 thousand;
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;
- the security may not be issued by an issuer currently in bankruptcy proceedings;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn; and
- the issuer of the security must have "seasoned" on a recognized market (generally, a company is considered to be seasoned if it has been listed on a market for at least six months; in the case of spin-offs, the operating history of the spin-off will be considered).

Index Evaluation

The Index composition is reviewed semi-annually. In each evaluation, ABA will provide NASDAQ OMX a list of community banks as they have identified. The eligibility criteria are applied using market data through the end of May and November. Securities meeting the above Eligibility Criteria are included in the Index. Security additions and deletions are made effective after the close of trading on the third Friday in June and December.

Additionally, if at any time during the year other than the Evaluation, an Index Security no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, the security is removed from the Index and is not replaced.

Ordinarily, a security will be removed from the Index at its Last Sale Price. If, however, at the time of its removal the Index Security is halted from trading on its primary listing market and an official closing price cannot readily be determined, the Index Security may, in NASDAQ's discretion, be removed at a zero price. The zero price will be applied to the Index Security after the close of the market but prior to the time the official closing value of the Index is disseminated, which is ordinarily 17:16:00 ET.

Index Maintenance

Changes in the price and/or Index Shares driven by corporate events such as stock dividends, stock splits, and certain spin-offs and rights issuances are adjusted on the ex-date. If the change in total shares outstanding² arising from other corporate actions is greater than or equal to 10.0%, the change is made as soon as practicable. Otherwise, if the change in total shares outstanding is less than 10%, then all such changes are accumulated and made effective at one time on a quarterly basis after the close of trading on the third Friday in each of March, June, September and December.

In the case of a special cash dividend, a determination is made on an individual basis whether to make a change to the price of an Index Security in accordance with its Index dividend policy. If it is determined that a change will be made, it will become effective on the ex-date.

Ordinarily, whenever there is a change in Index Shares, a change in an Index Security, or a change to the price of an Index Security due to spin-offs, rights issuances or special cash dividends, the divisor is adjusted to ensure that there is no discontinuity in the value of the Index which might otherwise be caused by any such change. All changes are announced in advance and are reflected in the Index prior to market open on the Index effective date.

Index Rebalancing

On a quarterly basis coinciding with the scheduled quarterly Index Share adjustment procedures, the Index will be rebalanced if it is determined that: (1) the current weight of the single largest market capitalization Index Security is greater than 25.0% and (2) the "collective weight" of those Index Securities whose individual current weights are in excess of 5%, when added together, exceed 50.0% of the Index.

If either threshold is broken, the Index would be rebalanced using a modified market capitalization-weighting such that the maximum weight of any Index Security will not exceed 8% and no more than 5 securities are at that cap. The excess weight of any capped security would be distributed proportionally across the remaining Index Securities. If after redistribution, any of the 5 highest ranked Index Securities were weighted below 8%, these securities would not be capped. Next, any remaining Index Securities in excess of 4% would be capped at 4% and the excess weight would be redistributed proportionally across the remaining Index Securities. The process would be repeated, if necessary, to derive the final weights.

The above modified market capitalization-weighting methodology would be applied to the capitalization of each Index Security, using the Last Sale Price of the security at the close of trading on the last trading day in February, May, August and November and after applying quarterly changes to the total shares outstanding. Index Shares would then be calculated by multiplying the weight of the security derived above by the new market value of the Index and dividing the modified market capitalization for each Index Security by its corresponding Last Sale Price.

In addition, a special rebalancing of the Index may be conducted at any time if it is determined necessary to maintain the integrity of the Index.

² If a security is a depositary receipt, the total shares outstanding is the actual depositary shares outstanding as reported by the depositary banks.

In administering the Index, NASDAQ OMX will exercise reasonable discretion as it deems appropriate to ensure Index integrity.

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